



Use of the MealPay System and other Pre-Payment Systems in the National School Lunch Program (NSLP)

We've recently received questions from states regarding the use of the MealPay System and other pre-payment systems in the NSLP. The systems are marketed to appeal to parents by offering the convenience of payments for school meals through on-line use of credit cards.

The MealPay System is a point-of-sale (POS) payment system introduced this fall by Horizon Software International. The System was described in detail in the October 14, 2005, Edition (Volume 23, Number 18) of the School Nutrition Professional. One of the heavily marketed features of the software is that parents can access a thirty-day history of their children's school food purchases. The tracking and point-of-sale system are offered for free, but there is a two dollar transaction fee when money is added to student accounts. Some School Food Authorities pay the fee and others pass the cost on to students/families.

Another pre-payment system in use, PaySchools, assesses participants a flat percentage of purchases made during the month.

After conferring with our National Office on the efficacy of these and other similar pre-payment systems, we have the following information. A MealPay/Pre-payment program is allowed PROVIDED there are other payment options available to students that do not involve additional fees for meals in the NSLP. It is imperative that there be at least one method of payment available for school nutrition programs **where no additional charges are incurred**. Consequently, participation in a pre-payment system must be by choice and voluntary.

This requirement is in accordance with FNS Instruction 782-6 (5-1-84) which states: "Children participating in School Nutrition Programs shall not be charged any additional fees for supervisory or other services provided in conjunction with the delivery of benefits under these programs. By charging fees in addition to the regular reduced price or paid meal charge, a school is limiting access to the program and imposing additional criterion for participation."

Additionally, in accordance with 7 CFR 245.8(b) "There shall be no overt identification of any of the children by the use of special tokens or tickets or by any other means." School Food Authorities must ensure that in implementing pre-payment systems that they do not overtly identify students. Overt identification would occur if there were a pattern in participation between income eligibility categories due to the assessment of a fee.